ERNIE FLETCHER
GOVERNOR

CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES
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JAMES W. HOLSINGER, JR., M.D.
SECRETARY

September 8, 2004
Hospital A-209

Dear Provider:

This letter provides important information about the Retrospective Review of DRG claims. All hospital claims paid under the prospective payment process are subject to retrospective review by DMS. Provider orientation sessions were held on November 13 & 19, 2003, prior to the initiation of the process. This letter is to review the information presented during those initial orientation sessions, and to address queries that have arisen since then.

Retrospective Review Process
National Health Services (NHS) of Louisville performs retrospective reviews on DRG claims for DMS. Each month, paid claims are selected for review under the retrospective review program. The selection is not random; however, the system targets claims that fall into specific categories. Some of these categories include:

- Readmissions
- Short Length of Stay
- Target DRGs

If we select claims from your facility, NHS will contact you by letter. If there are 15 or more records selected for review, the retrospective review will take place on-site. If you have less than 15 records, you will receive a Medical Records Request letter from NHS. You have 30 calendar days from the date of the medical record request letter to submit copies of the requested medical records to NHS.

Requested medical records that are not received by NHS within the 30 days timeframe will automatically receive technical denials. Technical denials are not subject to appeal.

On-site Review Process
As stated above, if there are 15 or more records selected for review, NHS will send a letter notifying your facility of the need to contact NHS to schedule an on-site retrospective review. Nurse reviewers will review a hard copy of the selected records on-site. The nurse reviewer requires the appropriate environment to complete the chart

review process. Cases that have concerns will be referred to a physician reviewer. For those cases with concerns, NHS will request that copies of the medical records be submitted to NHS for further consideration.

Review Concerns
Nurse and physician reviewers examine the medical records of the cases selected for review for:

- Medical Necessity
- Billing Error
- Coding
- Quality

Claims can be denied for Medical Necessity, Admission Errors, DRG Errors, Billing Errors or Coding Errors. Claims found to have Quality concerns follow a separate Quality Review Process that will be covered in a separate letter to be sent in the near future.

Initial Denial Notifications
If any claims are denied, you will receive an initial "denial package" from NHS within 90 days of the original record request letter. The denial package comprises a denial notification letter for each case that is denied and a report summarizing all the denials from your facility for that review month. A copy of the letter and report is also sent to DMS.

DO NOT REBILL FOR ANY CLAIMS BASED ON THIS INITIAL DENIAL NOTIFICATION.

Appeals Process
Once you have received the initial denial package, you have 30 calendar days from the date on the denial letters to request an appeal of a denial. The denial letters include instructions on submitting a request for an appeal. A second peer-matched physician will review claims that are appealed.

Final Denial Notifications
Within 30 days of the last day of the appeal time-frame, you will receive a final denial package comprising of:
Reconsideration letters for each case that was appealed with the results of the appeal;
A Final Hospital Denial Report; and
A cover letter on DMS letterhead notifying you that recoupment procedures will be initiated immediately as of the date of the letter.

Upon receipt of this Final Notification, you may correct billing and coding errors and resubmit the claim if appropriate.

DENIED CLAIMS CAN BE RE-BILLED ONLY AFTER RECEIVING THIS FINAL DENIAL NOTIFICATION.

Recoupment Process
If an overpayment or incorrect payment is identified, recoupment will be made automatically from the next payment cycle. The remittance advice will show the recoupment amount. Please note that recoupment after retrospective review is not subject to appeal.

Relationship to Precertification
The provider community raised concerns regarding the relationship of the precertification process to the retrospective review process. ***It is important to keep in mind that precertification is not a guarantee of payment.***

During the retrospective review process, the nurse reviewers will check the accuracy of information given when the stay was pre-certified. If there is conflicting information, then the admission undergoes a medical necessity review, and the appropriateness of the setting of the service is reviewed.

Overview of the Process and Timeline
The retrospective review process is an on-going monthly process. The timeline and deadlines are tied to the calendar months. The timeline for the October 2004 Review month is provided here as an example.

October 2004 Review Month

Date	**Stage of Process**
September 1, 2004	Providers receive Medical Record Request Letters
September 30, 2004	Deadline for submission of requested records to NHS
October 2004	Nurse reviewers conduct review of medical records (including on-site reviews)
November 2004	Referred cases are reviewed by Physician Reviews; and Initial Denial Letters and Reports are prepared.
November 30, 2004 (or sooner)	Initial Denial Packages are mailed to Providers
December 30 (or 30 calendar days from date on denial letters)	Requests for appeal of denied cases are due.
January 2005	Appealed cases undergo second peer-matched physician review.
End of January (or 30 days after Appeal Deadline)	Final Denial letters and reports are mailed to providers.

To ensure that all communications are directed to the correct people in your facility, please fill in the following form and return it to Darlene Burgess, Department for Medicaid Services, 275 East Main Street, 6E-D, Frankfort, KY 40601.

Sincerely,

Russ Fendley
Commissioner

RF/DB/tp
…….. Tear here ……

Facility Name: _____

Mailing Address
(No PO Boxes, please): _____

City, State & Zip code: _____

Communication Type	**Person to contact**
Medical Records Request Letters	Name: Title:
Initial Denial Package	Name: Title:
Final Denial Package	Name: Title: